

AMENDED IN ASSEMBLY MARCH 29, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 754

**Introduced by Committee on Public Employees, Retirement and
Social Security (Hernandez (Chair), Mullin, Soto, and Torrico)**

February 22, 2007

~~An act to amend Section 20037.11 of the Government Code, relating to state employees' retirement. An act relating to memoranda of understanding.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 754, as amended, Committee on Public Employees, Retirement and Social Security. ~~State employees' retirement: final compensation: Memoranda of understanding: addenda.~~

Existing law requires the Department of Personnel Administration to provide any side letter, appendix, or other addendum to a properly ratified memorandum of understanding that requires the expenditure of \$250,000 or more related to salary and benefits and that is not already contained in the original memorandum of understanding or the Budget Act to the Joint Legislative Budget Committee. Existing law requires the Joint Legislative Budget Committee, within 30 days after receiving the side letter, appendix, or other addendum, to determine if the addendum presents substantial additions that are not reasonably within the parameters of the original memorandum of understanding and thereby requires legislative action to ratify the addendum.

This bill would approve addenda to memoranda of understanding entered into by the state employer and the state bargaining units that require the expenditure of funds. The bill would approve provisions of the addenda that require the expenditure of funds. The bill would provide

that those provisions shall not take effect unless the funds are specifically appropriated by the Legislature, and would allow the reopening of negotiations if the Legislature does not approve or fully fund any addendum included in the bill.

~~The Public Employees' Retirement Law prescribes the rights and benefits of members of the Public Employees' Retirement System. Under existing law, certain retirement benefits for a state member of the Public Employees' Retirement System are based, in part, on the member's final compensation, as defined. Existing law defines final compensation for a person who becomes a state member of the system on or after January 1, 2007, and is represented by a certain state bargaining unit, as specified.~~

~~This bill would make a technical, nonsubstantive change to these provisions:~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares that the*
2 *purpose of this act is to approve addenda to memoranda of*
3 *understanding entered into by the state employer and the state*
4 *bargaining units that require the expenditure of funds.*

5 *SEC. 2. The provisions of the addenda to memoranda of*
6 *understanding entered into by the state employer and the state*
7 *bargaining units that require the expenditure of funds are hereby*
8 *approved for the purposes of Section 3517.63 of the Government*
9 *Code.*

10 *SEC. 3. The provisions of the addenda to memoranda of*
11 *understanding approved by Section 2 of this act and that require*
12 *the expenditure of funds shall not take effect unless funds for these*
13 *provisions are specifically appropriated by the Legislature. If the*
14 *Legislature does not approve or fully fund any addendum included*
15 *in this act, either party may reopen negotiations on all or part of*
16 *the addendum.*

17 ~~SECTION 1. Section 20037.11 of the Government Code is~~
18 ~~amended to read:~~

19 ~~20037.11. (a) Notwithstanding Sections 20035 and 20037,~~
20 ~~final compensation for a person who becomes a state member of~~
21 ~~the system on or after January 1, 2007, and who is represented by~~

1 ~~State Bargaining Unit 10, means the highest average annual~~
2 ~~compensation earnable by the member during the consecutive~~
3 ~~36-month period immediately preceding the effective date of his~~
4 ~~or her retirement, or the date of his or her last separation from state~~
5 ~~service if earlier, or during any other period of 36 consecutive~~
6 ~~months during his or her state membership that the member~~
7 ~~designates on the application for retirement.~~

8 ~~(b) This section applies to service credit accrued while a member~~
9 ~~of State Bargaining Unit 10.~~

10 ~~(c) This section does not apply to:~~

11 ~~(1) Former state employees previously employed before January~~
12 ~~1, 2007, who return to state employment on or after January 1,~~
13 ~~2007.~~

14 ~~(2) State employees hired prior to January 1, 2007, who were~~
15 ~~subject to Section 20281.5 during the first 24 months of state~~
16 ~~employment.~~

17 ~~(3) State employees hired prior to January 1, 2007, who become~~
18 ~~subject to representation by State Bargaining Unit 10 on or after~~
19 ~~January 1, 2007.~~

20 ~~(4) State employees on an approved leave of absence employed~~
21 ~~before January 1, 2007, who return to active employment on or~~
22 ~~after January 1, 2007.~~